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SUBJECT: NOW PRESENTING CROATIA'S NEW GOVERNMENT - SANADER
CONFIRMED AS PM

Classified By: Poloff A.F.Godfrey for reasons 1.5 (b,d)

Summary

1. (C) Croatia's newly-constituted parliament confirmed Ivo Sanader as Prime Minister On December 23. The parliament also voted confidence in Sanader's ministerial appointments. The new cabinet will have 15 members, including Sanader and two deputy Prime Ministers, a sharp change from Racan's cumbersome 24-member cabinet. Sanader's lineup shows he took pains to avoid nominations with too much baggage from the corrupt, nationalist Tudjman-era HDZ. But that means some of the new ministers -- including those in key positions -- will be outsiders, who may be slow to trust their staff and may have little understanding of ongoing reform processes. End Summary.

2. (C) On December 21, PM-Designate and HDZ President Ivo Sanader named his new cabinet. As promised, the new government will be smaller than its predecessor, with only 15 members. Because Sanader proposed to change the Croatian bureaucracy so dramatically, the new parliament had to get down to business on December 22, the day it was sworn in. Over the objections of the opposition, the HDZ-led parliament passed changes to legislation which combine ministerial portfolios and change the structure of the government. The coalition led by Sanader's HDZ does not have a majority in parliament, but these first legislative changes show that the political deals he made in the month since parliamentary elections are holding.

3. (C) Despite his party's strong showing in elections, Sanader had trouble forming his coalition; this is reflected in the shape of his government. The HSLs -- which won only two seats in parliament -- reportedly refused Sanader's offer of a ministerial appointment. The only member of the new government from a party other than the HDZ is Vesna Skare-Ozbolt, Croatia's new Justice Minister.

4. (C) Even before the November 23 elections, Sanader told the Ambassador that his new government would not include figures from the bad old days of Tudjman's HDZ. He has kept this commitment, but at the cost of appointing some outsiders who have little experience on the Zagreb political scene. These appointees will likely be slow to trust senior-level ministry staff appointed during Racan's tenure and will be ignorant of some key reform programs still underway.

5. (C) The changes in the structure of the government are far-reaching and will take time to implement. Sanader has pledged to slash the number of independent government agencies and offices which had proliferated during the Racan government. In an attempt to make the government bureaucracy more efficient, he has done away with the position of Deputy Minister (a political appointment) and introduced the position of state secretary, a professional position which does not require parliamentary approval. Plans include creation of four new "at-large" state secretaries to ensure sensitive projects move forward promptly.

6. (C) While most observers of Croatian politics are by now familiar with HDZ president Ivo Sanader, we offer the following thumbnail sketches of the new Prime Minister's Cabinet to give an outline of the new Croatian Government.

Prime Minister Ivo Sanader

7. (C) A polished, eloquent salesman, Sanader (age 50) led his HDZ party to a sweeping victory in the November 23 parliamentary elections less than four years after the HDZ was ejected from government. Sanader sees himself as a mainstream conservative in both the European and American sense, with all the contradictions that implies. On one hand, he wants to cut the size of government and cut taxes, while on the other, he wants to protect domestic markets and look after pensioners. He is eager to present the HDZ as reformed and capable of making progress toward integration in the EU and NATO. Sanader is fluent in English, German and Italian.

Jadranka Kosor, Deputy Prime Minister, Minister of Family, Veterans and Intergenerational Solidarity

18. (C) The only woman in the senior ranks of the patriarchal HDZ, Kosor has become a strong political player in her own right. A former journalist, she became politically active when she covered Croat refugee issues during Croatia's "homeland war." Kosor adds a human, even glamorous face to the traditionally hard-line HDZ, and her approach to the public is shaped by her status as a single mother caring for an elderly, infirm parent. Most observers are still puzzled as to what the "intergenerational solidarity" part of her portfolio means, but all are certain it was included as part

of a package which won Sanader the support of the three MP's from the Croatian Party of Pensioners (HSU).

Andrija Hebrang, Deputy PM
Minister of Health and Social Welfare

19. (C) A long-time member of the HDZ, Hebrang served as Minister of Health and (briefly) as Minister of Defense during the Tudjman era. A bit of a political loose cannon, Hebrang is apt to say whatever is on his mind and think of consequences later. Deeply conservative, Hebrang's prominence during the campaign helped the HDZ keep those nationalist voters who might not have supported Sanader's more progressive message. By appointing Hebrang as Deputy Prime Minister, Sanader shows respect to his party's right wing. By giving him the Health and Social Welfare portfolios, Sanader clearly hopes to keep Hebrang from making policy which could negatively affect Croatia's EU and NATO integration. A cardiac radiologist who has published a number of scientific works, Hebrang is one of Croatia's leading physicians and continued to see patients daily throughout his prior appointments.

Miomir Zuzul, Minister of Foreign Affairs

110. (C) A highly experienced diplomat and one of Sanader's closest advisers, Zuzul's appointment was certain even before the election campaign began. Zuzul remained in Washington after his assignment as Croatia's Ambassador to the U.S. as a consultant for Livingston/Moffett. His close ties to the U.S. and his eagerness to improve bilateral relations have drawn some criticism from the local press which suggests that he should concentrate on being a "Croatian minister, not an attorney of U.S. interests in Croatia."

Bozidar Kalmeta
Minister of the Sea, Traffic, Tourism and Development

111. (C) Kalmeta has been the mayor of the coastal city of Zadar for the past ten years. Zadar has consistently posted Croatia's strongest post-war economic growth numbers. Kalmeta has a reputation of a pragmatic technocrat who worked well with the opposition SDP government on projects for his city. Kalmeta's efforts at the head of the HDZ campaign in the 9th district produced the best result for the party anywhere in Croatia. Sanader is loading up Kalmeta with duties that had been the responsibility of three separate ministries under the Racan government. Kalmeta's laid-back interpersonal style is well suited to Zadar (or maybe to Southern California), but with his new workload, Kalmeta may have to keep his beloved motorcycles in the garage. Kalmeta's international reputation is tainted by his tacit agreement to the open display of support and sympathy for the ICTY-indicted fugitive General Gotovina, whose photograph prominently adorns the city walls in Zadar.

Ivan Suker, Minister of Finance

112. (C) Suker is Vice President of the HDZ and mayor Velika Gorica, a sizeable town on the outskirts of Zagreb. Unlike Kalmeta, however, he seems like an outsider and is perceived as a bit of a hick by Zagreb's political elite. A successful businessman, Suker has no experience in international finance and is considered "nothing more than a bookkeeper" by his critics. Suker will have a tough time keeping some of the HDZ's more populist campaign promises like cutting the value-added tax (PDV), increasing pension payments and simplifying Croatia's income tax. Suker speaks no English, but he will be aptly supported by two young Harvard-educated advisers who will lend their technical expertise to this political heavyweight.

Berislav Roncevic, Minister of Defense

113. (C) The least-known (and by all early accounts, the least-qualified) of all of Sanader's appointments, Roncevic was reportedly a last-minute choice. A lawyer by education, Roncevic has been Mayor of the Slavonian small town of Nasice since June 2003. His earlier career was in the town's forestry administration. Roncevic's first political statement as Minister-designate looks to us like a misstep; in an initial interview, he declared that the old-style HDZ nationalist Branimir Glavas is his political mentor. With no political experience in Zagreb and no understanding of the

complex reform processes underway in the MOD, we will have to work hard early in his tenure to bring Roncevic up to speed.

Marijan Mlinaric, Minister of Interior

14. (C) While Mlinaric seems to have little direct experience to be Interior Minister, his strong party credentials made it likely that he would be given some position of prominence in the new government. A member of the HDZ collective presidency, a former MP and a former

prefect of Varazdin county, Mlinaric is a surgeon by trade. In his first statement to the press, he pledged to make Croatia's police servants of the people and make sure citizens do not view the police force as an instrument of repression.

Branko Vukelic
Minister of Economy, Labor and Entrepreneurship

15. (C) Vukelic was elected Secretary General of the HDZ in 2002, at the same party convention in which Sanader consolidated his control of the HDZ. Vukelic had been tipped in the press as the nominee for Interior Minister, but when the press reported rumors of a corruption scandal dating from his days as mayor of the city of Karlovac, Sanader changed his appointment. Vukelic will have a portfolio that had previously been divided between three ministries; he will face a significant management challenge.

Bozo Biskupic, Minister of Culture

16. (C) Biskupic served as the HDZ's Minister of Culture from 1995 - 2000. Trained as both a lawyer and a museum curator, Biskupic (age 65) has been inconspicuous in Croatian politics in recent years. A collector of fine art, Biskupic was for a time deputy mayor of Zagreb.

Petar Cobankovic
Minister of Agriculture, Forestry and Water Management

17. (C) Cobankovic's background is in agriculture and he looks the part of a farmer, but his campaign in Eastern Slavonia turned out one of the best results for the HDZ. During the war, Cobankovic was a leader in the defense of Ilok, Croatia's easternmost town before the Serbs drove the Croatians out. Cobankovic told us he will try to use his new appointment to reduce Croatia's imports of food products, but would not specify how he would accomplish this. Cobankovic will be a reluctant Zagreber; he plans on keeping his large family at home in eastern Croatia.

Marina Matulovic Dropulic, Minister of Environmental Protection, Physical Planning and Construction.

18. (C) An architect by trade, Matulovic Dropulic had the same portfolio in previous HDZ governments. She was Mayor of Zagreb until 2000.

Kolinda Grabar Kitarovic, Minister of European Integration

19. (C) A career diplomat and an associate of Sanader's during his stint as Deputy Foreign Minister, Grabar Kitarovic took a leave from the MFA to research her doctoral dissertation on U.S. Foreign Policy (with help from a Fulbright fellowship) at George Washington University. At 35, she will be the youngest member of Sanader's cabinet; she will have big shoes to fill in following Neven Mimica. Grabar Kitarovic spent a year as a high school exchange student in Los Alamos.

Vesna Skare Ozbolt, Minister of Justice

20. (C) An attorney from Osijek, Skare Ozbolt began her career as a senior aide to President Tudjman's, and was heavily involved in the peaceful reintegration of Eastern Slavonia in the late 1990's. Skare Ozbolt is now president of the Democratic Center (DC) party, the only party other than the HDZ to take an appointment to Sanader's cabinet. Skare Ozbolt has told the press that she sees her role not as a jurist, but as a manager; she intends to leave technical work to experts in her ministry. Sanader recently refuted early press reports that he would personally oversee the relationship with ICTY -- he asserted that the Justice Ministry would retain this function. Skare Ozbolt strikes us as smart, tough and dedicated to Croatia's integration into Euro-Atlantic institutions. Unfortunately, as the only non-HDZ member in the cabinet, she may be viewed with suspicion by her colleagues; this may impede her work.

Dragan Primorac, Minister of Science, Education and Sports

21. (C) Primorac is Sanader's only nominee who is not formally a member of any political party. Primorac has been active in the process of identifying the remains of missing

persons from the war and helped develop the Racan government's relationship with the International Commission on Missing Persons. Primorac studied medicine in the U.S. and now teaches forensic medicine at three medical schools in Croatia.

Vladimir Seks, President of the Parliament

122. (C) While he is not a member of the cabinet, Seks (pronounced Sheks) will probably be Sanader's most important

ally in pushing forward the HDZ's legislative agenda. As the whip of the HDZ when they were in opposition during the last parliament, Seks used his considerable procedural expertise to keep the Racan government as uncomfortable as possible. Now, as the speaker of a parliament where his party's coalition has no clear majority, he will need all of his political cunning to keep the government's agenda from being derailed. Although never indicted, Seks is a symbol of the corruption and cronyism which marked the late Tudjman era. His personal style is not confrontational, and he has an ironic sense of humor; at one recent social function, he greeted poloff by saying "Hello, I'm the reformed Seks."
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